

Message Text

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PAGE 01 VIENNA 10364 020000Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 ABF-01 FS-01 /104 W
-----025138 020757Z /20

R 011537Z DEC 77
FM AMEMBASSY VIENNA
TO AMEMBASSY PARIS
INFO SECSTATE WASHDC 4298

LIMITED OFFICIAL USE VIENNA 10364

USOECD

E.O. 11652: N/A
TAGS: EFIN,AU
SUBJECTAUSTRIAN CHANCELLOR ON HARD SCHILLING POLICY

REF: CASSE/HANLEY TELCON NOVEMBER 30

1. BEGIN UNCLASSIFIED. AS REPORTED IN SEMI-OFFICIAL
"WIENER ZEITUNG"(WZ) ON NOVEMBER 26, CHANCELLOR KREISKY,
DURING A PLANT VISIT ON NOVEMBER 25, TOLD HIS HOSTS THAT
"WE HAVE NO INTENTION AND NO CAUSE TO DEPART FROM A

HARD CURRENCY POLICY A DEVALUATION, EVEN IF IT WERE
ONLY 5 PERCENT WOULD ONLY BRING DIFFICULTIES, WOULD BE
MOST UNWELCOM." HE REPORTEDLY WENT ON TO SAY, HOWEVER,
"I AM FOR AUSTRIA'S REMAINING IN HARD CURRENCY AREA, BUT
I AM NOT FOR AUSTRIA'S SOARING WITH THE D-MARK IF THAT
SHOULD HAPPEN". ARTICLE COMMENTS THAT IT IS NOT
NECESSARY TO CLING TO THE D-MARK, BUT THIS IS NOT IN QUOTES. END UNCL-
ASSIFIED.

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2. BEGIN LIMITED OFFICIAL USE. COMMENT: IT IS NOT UNUSUAL
FOR HEAD SCRATCHING TO FOLLOW A KREISKY FORMULATION. IN
THIS CASE, WE BELIEVE EXISTING SCHILLING (AS) D-MARK MARGIN
IS WIDE ENOUGH TO ALLOW AUSTRIANS TO AVOID DEVALUATION
FOR THE TIME BEING AT LEAST. THE ESTABLISHED INTERVENTION
POINTS ARE AS 704.09 EQUALS 100 DM AT LOWER END AND AS
718.90 AT UPPER END. ON NOVEMBER 30 RATE WAS AS 714.70

EQUALS 100 DM, A GAIN OF 0.3 PERCENT IN LAST THREE WORKING DAYS BUT STILL 0.6 PERCENT BELOW THE UPPER INTERVENTION POINT.

3. INDICATIONS AS OF NOVEMBER 30 SUGGEST THT RECENT DE-FACTO DEPRECIATION OF THE SCHILLING AGAINST THE D MARK WILL CONTINUE DURING THE PRE-CHRISTMAS PERIOD. AUSTRIAN NATIONAL BANK SOURCES IMPLY EVERY EFFORT WILL BE MADE TO CONTAIN D-AMRK WITHIN CURRENT MARGINS AND THEY HOPE WINTER TOURISM RECEIPTS WILL HELP EASE PRESSURE ON THE SCHILLING. END LIMITED OFFICIAL USE. WOLF

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Message Attributes

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Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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Disposition Remarks:
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